

**RAVENNA TOWNSHIP
MUSKEGON COUNTY**

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**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

AUDITOR'S REPORT

June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

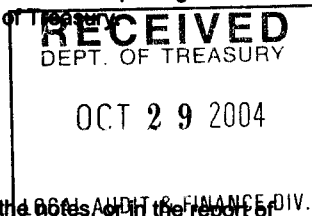
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name RAVENNA TOWNSHIP	County MUSKEGON
Audit Date 6/30/04	Opinion Date 10/1/04	Date Accountant Report Submitted to State: 10/28/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report or comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) HOFFMAN, STEENSMA & PLAMONDON, PLC			
Street Address 221 W. WEBSTER AVE., SUITE 502		City MUSKEGON	State MI
Accountant Signature <i>Randy Plamondon</i>		ZIP 49440	Date 10/28/04

RAVENNA TOWNSHIP, MUSKEGON COUNTY

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Ravenna Township, Muskegon County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Ravenna Township, Muskegon County, Michigan as of and for the year ended June 30, 2004, which collectively comprises the township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Ravenna Township, Muskegon County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Ravenna Township, Muskegon County, Michigan, as of June 30, 2004, and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

As discussed in note A to financial statements, Ravenna Township, Muskegon County, Michigan adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government Omnibus* and GASB 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2003.

The management's discussion and analysis and the required supplementary information on pages 4 - 8 and pages 29 - 34 respectively, are not a required part of the basic financial statements but are supplementary information required by generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ravenna Township's basic financial statements. The accompanying supplemental financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hoffman, Steensma & Plamondon

October 1, 2004

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Management's Discussion and Analysis

Year Ended June 30, 2004

Our discussion and analysis of Ravenna Township's financial performance provides an overview of the township's financial activities for the year ended June 30, 2004. Please read it in conjunction with the township's financial statements, which begin on page 9.

Financial Highlights

- The township's net assets increased \$36,539 (or 3.7%).
- Total expenses of all the township's programs were \$332,309, a decrease of \$24,696 (or 8.0%).
- Total revenues, including all program and general revenues, were \$368,848, an increase of \$3,822 (or 1.0%).

Using this Annual Report

This annual report consists of a series of financial statements. The first two statements are government-wide financial statements that provide both long-term and short-term information about the township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the government, reporting individual township operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short-term as well as what remains available for future spending.
- Proprietary fund statements offer short- and long-term financial information about activities the township operates like private businesses. The township does not have any proprietary funds.
- Fiduciary fund statements provide information about the financial relationships in which the township acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The changes in the enclosed audit document have been mandated by the Governmental Accounting Standards Boards (GASB) Statement 34. In the first year of implementation of this standard, GASB recognizes that prior-year information is not available in a similar format. Therefore, government-wide comparisons will not be available until next year.

Reporting the Township as a Whole

Our analysis of the township as a whole begins on page 6. One of the most important questions asked about the township's finances is, "Is the township as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Management's Discussion and Analysis - Continued

Year Ended June 30, 2004

Reporting the Township as a Whole (continued)

The two statements mentioned above, report the township's net assets and changes in them. The reader can think of the township's net assets - the difference between assets and liabilities - as one way to measure the township's financial health or financial position. Over time, increases or decreases in the township's net assets are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as changes in the township's property tax base and the condition of the township's capital assets (buildings and equipment) to assess the overall health of the township.

In the statement of net assets and the statement of activities, the township is divided into two kinds of activities:

- **Governmental activities** - Most of the township's basic services are reported here, including public safety and general administration. Property taxes and state shared revenues finance most of these activities.
- **Business-type activities** - The township charges a fee to customers to help it cover all or most of the cost of certain services provided. The township has no business type activities.

Reporting the Township's Most Significant Funds

Our analysis of the township's major funds begins on page 8. The fund financial statements begin on page 11 and provide detailed information about the most significant funds - not the township as a whole. Some funds are required to be established by state law and by loan covenants. However, the township board has established several other funds to help it control and manage money for particular purposes. The township has the following kinds of funds:

- **Governmental funds** - Most of the township's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the township's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the township's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and the governmental funds in a reconciliation following the fund financial statements.
- **Fiduciary funds** - The township is the trustee, or fiduciary, for certain funds. The township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the township's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the township's government-wide financial statements because the township cannot use these assets to finance its operations.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Management's Discussion and Analysis - Continued

Year Ended June 30, 2004

The Township as a Whole

The township's combined net assets increased from a year ago, from \$970,174 to \$1,006,713. Our analysis focuses on the net assets and changes in net assets of the township's governmental activities.

Net assets as of June 30, 2004, follows:

	Governmental Activities
Current and other assets	\$ 453,717
Capital assets	940,220
Total assets	\$ 1,393,937
Long-term debt outstanding	\$ 387,224
Other liabilities	-
Total liabilities	\$ 387,224
Net assets	
Invested in capital assets, net of related debt	\$ 552,996
Restricted	29,661
Unrestricted	424,056
Total net assets	\$ 1,006,713

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Management's Discussion and Analysis - Continued

Year Ended June 30, 2004

The Township as a Whole (continued)

Changes in net assets as of June 30, 2004, follows:

	<u>Governmental Activities</u>
Revenues	
Program revenues	
Charges for services	\$ 20,141
General revenues	
Property taxes	223,647
State shared revenues	109,364
Interest	4,983
Other	10,713
<u>Total revenues</u>	<u>368,848</u>
Expenses	
Governmental activities	
Legislative	5,661
General government	137,618
Public safety	117,879
Public works	8,954
Recreation and culture	22,912
Other	17,060
Interest on long-term debt	22,225
<u>Total expenses</u>	<u>332,309</u>
Changes in net assets	36,539
<u>Net assets at beginning of year</u>	<u>970,174</u>
<u>Net assets at end of year</u>	<u>\$ 1,006,713</u>

Governmental Activities

Property taxes increased by \$11,554. State of Michigan ("state") shared revenues decreased by \$10,770 due to the current economic environment and budget shortfalls of the state. Interest earnings decreased by \$2,706 due to lower interest rates.

Financial Analysis of the Township's Funds

At the end of fiscal year 2004, the governmental funds reported a combined fund balance of \$453,717 which is \$44,455 more than last year. The township continues to save for paving of township roads. The Blackmer Road certificate of deposit increased by \$16,848 to \$68,009 at June 30, 2004.

General Fund Budgetary Highlights

Over the course of the year, the township board amended the township budget several times. There were no significant budget amendments.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Management's Discussion and Analysis - Continued

Year Ended June 30, 2004

Financial Analysis of the Township's Funds (continued)

After these budget amendments, actual expenditures were \$48,072 below final budgeted amounts. There were no significant variances from budget to actual as most of the savings were spread evenly across all departments.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2004, the township had \$940,220 invested in a broad range of capital assets including land, buildings, public safety equipment and various equipment. Additional information on capital assets can be found in note C on page 25 of the notes to the financial statements.

Long-Term Debt

At June 30, 2004 the township had \$387,224 in long-term debt outstanding. This is a decrease of \$32,149 from last year. Additional information on long-term debt can be found in note E on page 26 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Another factor influencing property tax revenues is Proposal A. The statewide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because certain properties may increase in value by less than inflation, the result is that the township's total taxable value may grow less than inflation.

Also, the 2005 budget includes a forecasted reduction of state shared revenues. State shared revenues are based on sales tax revenues which have decreased recently with the economic downturn. The state is also in a budget crisis and has discussed using some of this revenue sharing to balance the state budget. Further cuts in state shared revenues are imminent. Township officials continue to monitor this situation and the affect any changes will have on the township's budget.

The township has set aside \$84,244 in a certificate of deposit in the general fund for the future pavement of Blackmer Road. In addition, the township plans to use participation funds in the amount of \$66,380, at the Muskegon County Road Commission, for the pavement project.

On June 30, 2004, the fire fund owes the general fund \$18,622. The amount will be paid back over the next few years by reducing the annual transfer from the general fund to the fire fund.

Contacting the Township's Financial Management

This financial report is designated to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the township's finances and to demonstrate the township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the township treasurer at 3770 Blackmer Road, P.O. Box 153, Ravenna, Michigan 49451.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Statement of Net Assets

June 30, 2004

ASSETS		Governmental Activities
Cash and cash equivalents (note A5 and B)	\$	319,888
Investments (note A5 and B)		97,313
Due from other governmental units		36,516
		<u>453,717</u>
Capital assets (note A7 and C)		
Land		33,000
Other capital assets, net of depreciation		907,220
Total capital assets		<u>940,220</u>
TOTAL ASSETS	\$	<u>1,393,937</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Long-term liabilities (note A8 and E)		
Due within one year	\$	22,155
Due in more than one year		365,069
Total long-term liabilities		<u>387,224</u>
Net assets		
Invested in capital assets, net of related debt		552,996
Restricted for		
Perpetual care		
Expendable		20,000
Non-expendable		9,661
Unrestricted		424,056
Total net assets		<u>1,006,713</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,393,937</u>

The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Statement of Activities

Year Ended June 30, 2004

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Assets
			Governmental Activities
Governmental activities			
Legislative	\$ 5,661	\$ -	\$ (5,661)
General government	137,618	9,449	(128,169)
Public safety	117,879	10,692	(107,187)
Public works	8,954	-	(8,954)
Recreation and culture	22,912	-	(22,912)
Other functions	17,060	-	(17,060)
Interest on long-term debt	22,225	-	(22,225)
Total governmental activities	\$ 332,309	\$ 20,141	(312,168)
General revenues			
Property taxes, levied for general purposes			102,929
Property taxes, levied for fire operation			120,718
State shared revenues			109,364
Interest			4,983
Other			10,713
Total general revenues			348,707
Change in net assets			36,539
Net assets at beginning of year			970,174
Net assets at end of year		\$	1,006,713

The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Governmental Funds

Balance Sheet

June 30, 2004

ASSETS	General	Fire Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents (note A5 and B)	\$ 198,789	\$ 120,742	\$ 357	\$ 319,888
Investments (note A5 and B)	68,009	-	29,304	97,313
Due from other governmental units	36,516	-	-	36,516
TOTAL ASSETS	\$ 303,314	\$ 120,742	\$ 29,661	\$ 453,717
FUND BALANCES				
Fund balances (note A9)				
Reserved for perpetual care	\$ -	\$ -	\$ 20,000	\$ 20,000
Unreserved				
Undesignated, reported in				
General fund	303,314	-	-	303,314
Special revenue fund	-	120,742	-	120,742
Permanent fund	-	-	9,661	9,661
TOTAL FUND BALANCES	\$ 303,314	\$ 120,742	\$ 29,661	\$ 453,717

The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Reconciliation of Total Governmental Fund Balances to

Net Assets of Governmental Activities

June 30, 2004

Total governmental fund balances	\$	453,717
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	\$	1,122,881	
Less accumulated depreciation		<u>(182,661)</u>	940,220

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Installment purchase agreement		<u>(387,224)</u>
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Net assets of governmental activities	\$	<u>1,006,713</u>
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The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2004

	General	Fire Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 102,929	\$ 120,718	\$ -	\$ 223,647
Licenses and permits	10,692	-	-	10,692
State revenues	109,364	-	-	109,364
Charges for services	9,449	-	-	9,449
Refunds and reimbursements	10,713	-	-	10,713
Interest	2,816	114	2,053	4,983
Total revenues	245,963	120,832	2,053	368,848
Expenditures				
Current				
Legislative	5,661	-	-	5,661
General government	132,944	-	-	132,944
Public safety	13,363	69,125	-	82,488
Public works	8,954	-	-	8,954
Recreation and cultural	22,912	-	-	22,912
Other functions	16,222	-	838	17,060
Debt service				
Principal	-	32,149	-	32,149
Interest and fiscal charges	-	22,225	-	22,225
Total expenditures	200,056	123,499	838	324,393
Excess (deficiency) of revenues over expenditures	45,907	(2,667)	1,215	44,455
Other financing sources (uses)				
Transfers in	-	6,204	-	6,204
Transfers out	(3,000)	-	(3,204)	(6,204)
Total other financing sources (uses)	(3,000)	6,204	(3,204)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	42,907	3,537	(1,989)	44,455
Fund balances at beginning of year	260,407	117,205	31,650	409,262
Fund balances at end of year	\$ 303,314	\$ 120,742	\$ 29,661	\$ 453,717

The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$	44,455
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Current year depreciation		(40,065)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal payments		32,149
Change in net assets of governmental activities	\$	36,539

The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Fiduciary Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2004

<hr/>	
ASSETS	Agency Funds
Cash and cash equivalents (note A5 and B)	\$ 5,428
<hr/>	
LIABILITIES	
Due to other governmental units	\$ 112
Other liabilities	5,316
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TOTAL LIABILITIES	\$ 5,428
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The notes to the financial statements are an integral part of this statement.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements

June 30, 2004

Note A - Summary of Significant Accounting Policies

The accounting policies of Ravenna Township, Muskegon County, Michigan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to townships. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant accounting policies establishing GAAP and used by the township are discussed below.

The township adopted GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments Omnibus* as of July 1, 2003. Certain of the significant changes in GASB 34 include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the township's overall financial position and the results of operation.
- Government-wide financial statements prepared using full accrual accounting for all of the township's activities including capital assets.
- A change in the fund financial statements to focus on major funds.

The township also adopted GASB 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2003. GASB 38 modifies note disclosures required by GAAP. The adoption of this change in accounting principles had no effect on the financial condition or result of operations of any of the township's funds as of and for the year ended June 30, 2004, but did change some of the disclosures required for the notes to the financial statements.

1. Financial Reporting Entity

Ravenna Township, Muskegon County, Michigan was organized in 1849 and operates under an elected board composed of a supervisor, clerk, treasurer, and two trustees. The township provides the following services: public works, public safety, planning and zoning and general administrative services.

As required by GASB 14, the financial statements present the township (the primary government) and its component units, entities for which the township is considered to be financially accountable. Based upon the application of these criteria, there were no component units required to be included as part of the financial reporting entity of the township.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

Joint Venture

•Central Operations for Police Services

The township is a member of an area-wide central dispatch system, Central Operations for Police Services. It is a joint venture of nine governmental units governed by a board composed of representatives of the participants. It is financed through an emergency telephone surcharge to the public and through annual member assessments based upon population, composite state equalized valuation of property and the average of service calls placed. The township does not report an equity interest in this joint venture in these financial statements because the township does not have an explicit and measurable right to the joint venture's resources. The township is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future.

Financial information based on the September 30, 2003, audit report of Central Operations for Police Services follows:

General Fund	
Total assets	\$ 1,554,240
Total liabilities	136,581
<u>Fund balance</u>	<u>\$ 1,417,659</u>
Revenues	\$ 3,052,078
Expenditures	2,118,002
<u>Revenues over expenditures</u>	<u>\$ 934,076</u>
<u>General fixed assets account group</u>	<u>\$ 2,080,810</u>
<u>General long-term debt</u>	<u>\$ 393,448</u>

Complete financial statements for Central Operations for Police Services can be obtained from their administrative offices at 860 Terrace Street, Muskegon, Michigan 49443.

2. Basis of Accounting - Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the township as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between activities that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The township does not have any business-type activities or internal service fund activity.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

2. Basis of Accounting - Government-Wide Financial Statements (continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which the governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the township.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available, it is the township's policy to use restricted resources first, then unrestricted resources as they are needed.

3. Basis of Accounting - Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the township or meets the following criteria:

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

3. Basis of Accounting - Fund Financial Statements (continued)

•Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

•Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The township does not have any enterprise funds.

The township reports the following major funds:

General Fund

The general fund is the general operating fund of the township. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state shared revenues.

Special Revenue Funds

Fire Fund - To account for the special tax millage levied by the township for operation of the fire safety department.

The following is a description of the two major categories and various fund types within those categories into which the funds are grouped:

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., when they become both measurable and available). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

"Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The township considers property taxes, special assessments, licenses, interest revenue and charges for sales and services as susceptible to accrual if the amount was due on or before fiscal year end and collection was within two months of year end. Reimbursements due for expenditure-driven grants are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made. All other revenue is recognized as payments are received.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

3. Basis of Accounting - Fund Financial Statements (continued)

Governmental Funds (continued)

Expenditure Recognition

The measurement focus of governmental accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The following is a description of the governmental fund types of the township:

General Fund

The general fund is the general operating fund of the township. The fund is used to account for all financial transactions except those required to be accounted for in another fund. Revenues are derived primarily from property taxes and state shared revenues.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Capital Projects Funds

Capital projects funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations.

Fiduciary Funds (Not Included in Government-Wide Financial Statements)

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support township programs.

Agency Funds

Agency funds are used to account for assets held by the township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles for all general and special revenue funds. The township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to June 30, the township board reviews a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at the township hall to obtain taxpayer comments.
- The budget is legally enacted by passage of an ordinance prior to the start of the ensuing fiscal year.
- The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the township board.
- Budgeted amounts are presented as originally adopted and as amended by the board of trustees before June 30, 2004. Individual amendments were not material in relation to the original appropriations.
- Formal budgetary integration is employed as a management control device during the year for the general and the special revenue funds.
- Budgetary control is exercised at the department level in the general fund and at the total expenditure or 'fund' level in the special revenue fund.
- Budgets as presented are prepared on the modified accrual basis of accounting.
- All budget appropriations lapse at the end of the year.

5. Deposits and Investments

Statutes authorize the township to deposit and invest in the following:

- In bonds, securities and other obligations of the United States or agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation, a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures no more than 270 days after the date of purchase.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

5. Deposits and Investments (continued)

- In United States government or federal agency obligation repurchase agreements.
- In banker's acceptances of United States banks.
- In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The township board has authorized the township to invest in money market funds held at local banks.

Investments with a maturity of greater than one year at the date of purchase are stated at fair value, and all other investments are stated at cost or amortized cost.

6. Receivables and Payables

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Property taxes are levied on December 1 and payable without penalty in one installment before February 28. Township property taxes are recognized as revenue (and become available for appropriation) in the period for which they are levied. The township bills and collects its own property taxes and also taxes for the county and school districts in the township. Collections of all the taxes and remittance of them to the other taxing authorities are accounted for in the current tax fund.

The 2003 taxable value of the township totaled \$61,508,766, on which ad valorem taxes levied consisted of 1.2021 mills for the general operation of the township and 1.9613 mills for fire operation.

The 2003 state equalized valuation of the township was \$86,943,600.

7. Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or construction. Contributed assets are recorded at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are also capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note A - Summary of Significant Accounting Policies (continued)

7. Capital Assets and Depreciation (continued)

	<u>Years</u>
Buildings and improvements	10 - 40
Motor vehicles and equipment	4 - 20

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated for a specific purpose.

Note B - Cash, Cash Equivalents and Investments

Deposits

At year end, the carrying amount of the township's deposits was \$224,292 and the bank balance was \$320,201. Of the bank balance, \$197,313 was covered by federal depository insurance and \$122,888 was uninsured and uncollateralized.

The township's deposits are categorized below according to level of credit risk:

- Category 1 represents the township's insured or collateralized deposits with securities held by the township or by its agent in the township's name.

- Category 2 represents the township's collateralized deposits with securities held by the pledging financial institution's trust department or agent in the township's name.

- Category 3 represents the township's uncollateralized deposits including any bank balances that are collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the township's name.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note B - Cash, Cash Equivalents and Investments (continued)

Deposits (continued)

	Category			Bank Balance	Carrying Amount
	1	2	3		
Demand deposits	\$ 100,000	\$ -	\$ 122,888	\$ 222,888	\$ 126,979
Time deposits	97,313	-	-	97,313	97,313
	\$ 197,313	\$ -	\$ 122,888	\$ 320,201	\$ 224,292

Investments

Investments are categorized below to give an indication of the level of risk assumed by the entity at year end:

- Category 1 includes investments that are insured or registered, or for which the securities are held by the township or by its agent in the township's name.
- Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the township's name.
- Category 3 includes uninsured and unregistered investments, with securities held by the counterparty, or by its trust department or agent but not in the township's name.

	Carrying Amount
Investments not subject to categorization:	
Money market	\$ 198,337

Total deposits and investments at June 30, 2004, were \$422,629 and are presented as follows:

Balance Sheet Classification	Combined Total
Governmental Funds Balance Sheet	
Cash and cash equivalents	\$ 319,888
Investments	97,313
Statement of Fiduciary Net Assets - Fiduciary Funds	
Cash and cash equivalents	5,428
	\$ 422,629

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note C - Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Governmental activities				
Capital assets being depreciated				
Land improvements	\$ 17,328	\$ -	\$ -	\$ 17,328
Buildings and improvements	701,977	-	-	701,977
Vehicles and equipment	370,576	-	-	370,576
Total capital assets being depreciated	1,089,881	-	-	1,089,881
Less accumulated depreciation				
Land improvements	3,040	1,155	-	4,195
Building and improvements	15,623	17,549	-	33,172
Vehicles and equipment	123,933	21,361	-	145,294
Total accumulated depreciation	142,596	40,065	-	182,661
Net capital assets being depreciated	947,285	40,065	-	907,220
Capital assets not being depreciated				
Land	33,000	-	-	33,000
Total governmental activities capital assets net of depreciation \$	980,285	\$ 40,065	\$ -	\$ 940,220

Depreciation was charged to programs of the township as follows:

Governmental activities	
General government	\$ 4,674
Public safety	35,391
Total governmental activities depreciation expense	\$ 40,065

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note D - Interfund Transfers

Interfund transfers consisted of the following at June 30, 2004:

Fund	Transfers In	Fund	Transfers Out
Fire	\$ 6,204	General	\$ 3,000
		Fire Station Construction	3,204
	\$ 6,204		\$ 6,204

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note E - Long-Term Debt

Long-term debt at June 30, 2004, consisted of the following:

Governmental Activities

\$423,580 - 2002 Installment Purchase Agreement; due in monthly

installments of \$3,200 including interest through April 2017; interest varies. \$ 387,224

The annual requirements to amortize all bonds and loans outstanding as of June 30, 2004, including interest of \$118,370 follows:

Years ending	<u>Governmental Activities</u>	
June 30,	Principal	Interest
2005	\$ 22,155	\$ 16,245
2006	23,124	15,276
2007	24,375	14,264
2008	26,663	13,169
2009	27,829	12,002
2010-2014	158,513	40,647
2015-2017	104,565	6,767
	\$ 387,224	\$ 118,370

The following is a summary of bonds and loan transactions for the year ended June 30, 2004:

	Balance July 1, 2003	Additions	Repayments	Balance June 30, 2004
Governmental bonds and loans	\$ 419,371	\$ -	\$ 32,147	\$ 387,224

The full faith and credit of the township has been pledged for the repayment of the loan payable. There are a number of limitations and restrictions contained in the various loan agreements. The township is in substantial compliance with all significant limitations and restrictions.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note F - Defined Contribution Pension Plan

The township maintains a defined contribution retirement plan administered by Manulife Financial USA that covers all of its elected officials. The township contributes 10% of each eligible employee's salary to the plan. Participants are not required to contribute to the plan. The township's contribution for the year ended June 30, 2004 was \$4,350.

Note G - Risk Management

The township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The township manages its liability and property risk as a member of the Michigan Township Participating Plan (MTPP), a public entity risk pool providing liability and property coverage to its participating members. The township pays an annual premium to MTPP for its insurance coverage. The MTPP is self-sustaining through member premiums and provides, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place the responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The township carries commercial insurance for workers' compensation, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note H - Excess of Expenditures over Appropriations in Budgetary Funds

P.A. 621 of 1978, section 18(1) as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended June 30, 2004 the township incurred expenditures in certain budgetary funds which were significantly in excess of the amounts appropriated as follows:

Fund	Amended Budget	Amount of Expenditure	Budget Variance
General			
Legislative	\$ 5,600	\$ 5,661	(61)
Board of review	700	893	(193)
General administration	12,200	13,283	(1,083)
Zoning	1,600	1,790	(190)
Recreation and cultural	22,910	22,912	(2)
Other functions	15,800	16,222	(422)
Fire	117,214	123,499	(6,285)

All expenditures over appropriations have either been paid by transfers from other funds or by the reduction of the current fund balance.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Notes to the Financial Statements - Continued

June 30, 2004

Note I - State Construction Code Act

P.A. 245 of 1999, section 22(1) of the State Construction Code Act, requires fees generated by enforcing agencies or construction board of appeals be intended to bear a reasonable relationship to the actual cost of performing those services.

The fees generated by the township's enforcing agencies and the costs of providing those services were as follows for the year ended June 30, 2004:

Revenues	
<u>Building and other permits</u>	<u>\$ 7,730</u>
Expenditures	
Contracted services	10,660
Transportation	796
Office supplies	54
Transportation expenses	63
<u>Total expenditures</u>	<u>11,573</u>
<u>Deficiency of revenues under expenditures</u>	<u>\$ (3,843)</u>

REQUIRED SUPPLEMENTARY INFORMATION

RAVENNA TOWNSHIP, MUSKEGON COUNTY

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues				
Property taxes				
Current taxes	\$ 62,000	\$ 62,000	\$ 66,686	\$ 4,686
Delinquent	15,000	15,000	17,111	2,111
Administration fees	24,000	24,000	19,132	(4,868)
Total property taxes	101,000	101,000	102,929	1,929
Licenses and permits	9,825	9,825	10,692	867
State revenues				
State grants	3,900	3,900	-	(3,900)
State shared revenues	110,000	110,000	109,364	(636)
Total state revenues	113,900	113,900	109,364	(4,536)
Charges for services				
Cemetery sales and openings	9,500	9,500	9,420	(80)
Miscellaneous	-	-	29	29
Total charges for services	9,500	9,500	9,449	(51)
Refunds and reimbursements	5,550	5,550	10,713	5,163
Interest	6,000	6,000	2,816	(3,184)
Total revenues	245,775	245,775	245,963	188
Expenditures				
Legislative				
Township board	5,000	5,000	5,000	-
Miscellaneous	600	600	661	(61)
Total legislative	5,600	5,600	5,661	(61)
General government				
Supervisor				
Salaries	8,000	8,000	8,000	-
Miscellaneous	900	900	800	100
Total supervisor	8,900	8,900	8,800	100

RAVENNA TOWNSHIP, MUSKEGON COUNTY

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - Continued

Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Expenditures (continued)				
General government (continued)				
Elections				
Miscellaneous	\$ 500	\$ 500	\$ 265	\$ 235
Accounting and auditing	3,600	3,600	3,600	-
Assessor				
Contractual services	14,250	14,250	13,980	270
Office expense	500	500	420	80
Total assessor	14,750	14,750	14,400	350
Attorney	40,000	40,000	30,537	9,463
Clerk				
Salaries	15,000	15,000	15,000	-
Office expense	350	554	554	-
Miscellaneous	1,500	1,500	1,500	-
Total clerk	16,850	17,054	17,054	-
Board of review				
Salaries	500	500	405	95
Printing and publishing	100	100	460	(360)
Miscellaneous	100	100	28	72
Total board of review	700	700	893	(193)
Treasurer				
Salaries	15,500	15,500	15,500	-
Tax statement preparation	500	677	677	-
Miscellaneous	1,550	1,550	1,550	-
Total treasurer	17,550	17,727	17,727	-
Building and grounds				
Repairs and maintenance	500	500	999	(499)
Supplies	5,000	5,000	5,343	(343)
Utilities	5,500	5,500	4,489	1,011
Total building and grounds	11,000	11,000	10,831	169

RAVENNA TOWNSHIP, MUSKEGON COUNTY

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - Continued

Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Expenditures (continued)				
General government (continued)				
Cemetery				
Salaries	\$ 13,000	\$ 13,000	\$ 13,000	\$ -
Professional services	3,500	3,500	576	2,924
Repairs and maintenance	500	500	-	500
Supplies	500	500	801	(301)
Utilities	1,000	1,000	810	190
Miscellaneous	300	300	367	(67)
Total cemetery	18,800	18,800	15,554	3,246
General administration				
Salaries	9,500	9,500	8,907	593
Transportation	50	50	-	50
Conferences and workshops	400	400	307	93
Printing and publishing	500	500	74	426
Dues and memberships	1,500	1,500	2,642	(1,142)
Miscellaneous	250	250	1,353	(1,103)
Total general administration	12,200	12,200	13,283	(1,083)
Total general government	144,850	145,231	132,944	12,287
Public safety				
Building, plumbing and electric				
Contracted services	11,000	11,000	10,660	340
Transportation	950	950	796	154
Office supplies	100	150	54	96
Miscellaneous	200	150	63	87
Total building, plumbing and electric	12,250	12,250	11,573	677
Zoning				
Salaries	1,000	1,000	525	475
Printing and publishing	500	500	815	(315)
Miscellaneous	100	100	450	(350)
Total zoning	1,600	1,600	1,790	(190)
Total public safety	13,850	13,850	13,363	487
Public works				
Road construction and maintenance				
Utilities	6,000	6,066	6,066	-
Brine	19,000	19,000	2,438	16,562
Road construction	16,200	16,200	-	16,200
Drains	500	500	450	50
Signs and repairs	1,500	1,500	-	1,500
Total public works	43,200	43,266	8,954	34,312

RAVENNA TOWNSHIP, MUSKEGON COUNTY

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual - Continued

Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Expenditures (continued)				
Recreation and cultural				
Library				
Contracted services	\$ 5,000	\$ 5,413	\$ 5,774	\$ (361)
Utilities	3,000	4,000	4,037	(37)
Repairs and maintenance	1,500	1,500	1,282	218
Supplies	250	250	72	178
Total library	9,750	11,163	11,165	(2)
Community services	11,350	11,747	11,747	-
Total recreation and cultural	21,100	22,910	22,912	(2)
Other functions				
Payroll taxes	6,800	6,800	7,329	(529)
Insurance and bonds	9,000	9,000	8,893	107
Total other functions	15,800	15,800	16,222	(422)
Capital outlay				
Township board	500	500	-	500
Building and grounds	500	500	-	500
Cemetery	2,500	471	-	471
Total capital outlay	3,500	1,471	-	1,471
Total expenditures	247,900	248,128	200,056	48,072
Excess (deficiency) of revenues over expenditures	(2,125)	(2,353)	45,907	48,260
Other financing uses				
Transfers out	-	(3,000)	(3,000)	-
Excess (deficiency) of revenues over expenditures and other uses	(2,125)	(5,353)	42,907	48,260
Fund balances at beginning of year	260,407	260,407	260,407	-
Fund balances at end of year	\$ 258,282	\$ 255,054	\$ 303,314	\$ 48,260

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Fire Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances -

Budget and Actual

Year Ended June 30, 2004

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues				
Property taxes	\$ 123,000	\$ 123,000	\$ 120,718	\$ (2,282)
Interest	-	-	114	114
Total revenues	123,000	123,000	120,832	(2,168)
Expenditures				
Current				
Public safety				
Salaries and wages	18,000	21,000	19,902	1,098
Payroll taxes	2,000	2,000	1,522	478
Training	1,500	1,500	225	1,275
Insurance	13,000	13,500	15,453	(1,953)
Utilities	3,500	7,000	7,065	(65)
Contracted service	5,000	5,000	6,260	(1,260)
Repairs and maintenance	3,073	9,000	12,338	(3,338)
Supplies	4,500	5,500	5,820	(320)
Miscellaneous	100	1,541	540	1,001
Total public safety	50,673	66,041	69,125	(3,084)
Debt service				
Principal	32,150	32,150	32,149	1
Interest and fiscal charges	34,001	19,023	22,225	(3,202)
Total debt service	66,151	51,173	54,374	(3,201)
Total expenditures	116,824	117,214	123,499	(6,285)
Excess (deficiency) of revenues over expenditures	6,176	5,786	(2,667)	(8,453)
Other financing sources				
Transfers in	-	-	6,204	6,204
Excess of revenues and other sources over expenditures	6,176	5,786	3,537	(2,249)
Fund balances at beginning of year	117,205	117,205	117,205	-
Fund balances at end of year	\$ 123,381	\$ 122,991	\$ 120,742	(2,249)

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUND

Capital projects funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary fund operations.

Fire Station Construction Fund - To account for loan proceeds and construction expenses related to the addition on the fire station.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery Perpetual Care - To account for charges for services collected and investment income earned and to account for transfers to the general fund to partially cover cemetery perpetual care expenses.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Non-Major Governmental Funds

Combining Balance Sheet

June 30, 2004

	Capital Projects Fire Station Construction	Permanent Cemetery Perpetual Care	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ 357	\$ 357
Investments	-	29,304	29,304
TOTAL ASSETS	\$ -	\$ 29,661	\$ 29,661
FUND BALANCES			
Reserved for perpetual care	\$ -	\$ 20,000	\$ 20,000
Unreserved Undesignated	-	9,661	9,661
TOTAL FUND BALANCES	\$ -	\$ 29,661	\$ 29,661

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2004

	Capital Projects Fire Station Construction	Permanent Cemetery Perpetual Care	Total
Revenues			
Interest	\$ -	\$ 2,053	\$ 2,053
Expenditures			
Other functions			
Perpetual care	-	838	838
Excess of revenues over expenditures	-	1,215	1,215
Other financing uses			
Transfers out	(3,204)	-	(3,204)
Excess (deficiency) of revenues over expenditures and other uses	(3,204)	1,215	(1,989)
Fund balances at beginning of year	3,204	28,446	31,650
Fund balances at end of year	\$ -	\$ 29,661	\$ 29,661

AGENCY FUNDS

Agency funds are used to account for assets held by the township in a trustee capacity for individuals, private organizations, other governments or other funds.

Trust and Agency - To account for collection and payment of delinquent taxes.

Current Tax Account Fund - To account for levy, collection and payment of taxes levied for the general and other funds of the township, county and public school districts.

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Agency Funds

Combining Balance Sheet

June 30, 2004

	Trust and Agency	Current Tax Account	Totals
ASSETS			
Cash and cash equivalents	\$ 5,316	\$ 112	\$ 5,428
LIABILITIES			
Due to other governmental units	\$ -	\$ 112	112
Other liabilities	5,316	-	5,316
TOTAL LIABILITIES	\$ 5,316	\$ 112	\$ 5,428

RAVENNA TOWNSHIP, MUSKEGON COUNTY

Agency Funds

Statement of Changes in Assets and Liabilities

Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
TRUST AND AGENCY FUND				
ASSETS				
Cash and cash equivalents	\$ 184	\$ 6,389	\$ 1,257	\$ 5,316
LIABILITIES				
Other liabilities	\$ 184	\$ 6,389	\$ 1,257	\$ 5,316
CURRENT TAX ACCOUNT				
ASSETS				
Cash and cash equivalents	\$ 92	\$ 2,364,966	\$ 2,364,946	\$ 112
LIABILITIES				
Due to other funds	\$ 89	\$ 223,566	\$ 223,655	\$ -
Due to other governmental units	3	2,141,400	2,141,291	112
TOTAL LIABILITIES	\$ 92	\$ 2,364,966	\$ 2,364,946	\$ 112
ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 276	\$ 2,371,355	\$ 2,366,203	\$ 5,428
LIABILITIES				
Due to other funds	\$ 89	\$ 223,566	\$ 223,655	\$ -
Due to other governmental units	3	2,141,400	2,141,291	112
Other liabilities	184	6,389	1,257	5,316
TOTAL LIABILITIES	\$ 276	\$ 2,371,355	\$ 2,366,203	\$ 5,428

SCHEDULE OF INDEBTEDNESS

June 30, 2004 and 2003

Total General Long-Term Debt

Date of Maturity	Balance Outstanding June 30,		Annual Interest Payable
	2003	2004	
12-01-03	\$ 9,406	\$ -	\$ -
6-30-03	-	-	-
6-30-04	21,216	-	-
6-30-05	22,155	22,155	16,245
6-30-06	23,124	23,124	15,276
6-30-07	24,375	24,375	14,264
6-30-08	26,663	26,663	13,169
6-30-09	27,829	27,829	12,002
6-30-10	29,047	29,047	10,785
6-30-11	30,318	30,318	9,514
6-30-12	31,645	31,645	8,187
6-30-13	33,029	33,029	6,803
6-30-14	34,474	34,474	5,358
6-30-15	35,982	35,982	3,849
6-30-16	37,557	37,557	2,275
6-30-17	32,551	31,026	643
	409,965	387,224	118,370
	\$ 419,371	\$ 387,224	\$ 118,370